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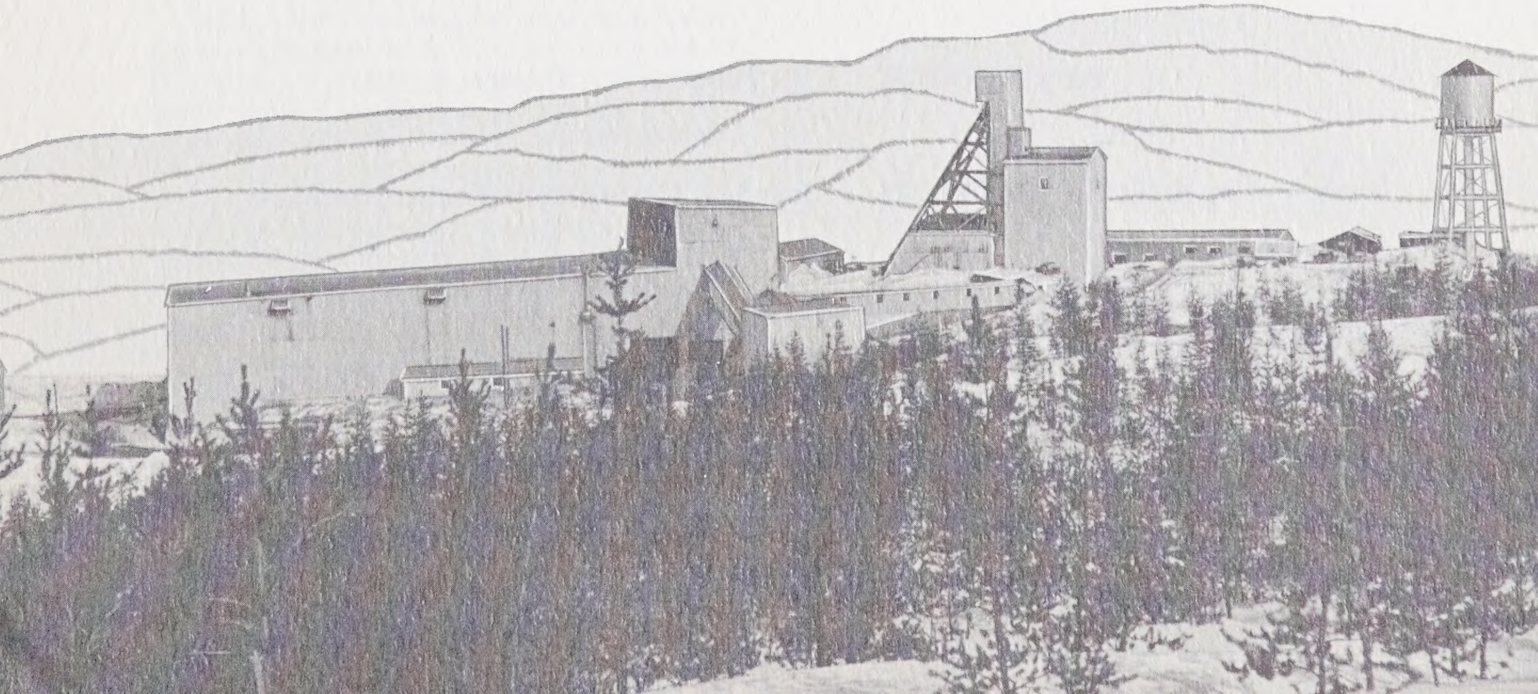
Canadian Jamieson Mines Limited

THIRD ANNUAL REPORT

FOR THE YEAR ENDED MARCH 31, **1967**



Canadian Jamieson Mines Limited

OFFICERS	A. T. Griffis, *President*
	G. J. Killeen, *Vice-President*
	R. H. Pope, *Treasurer*
	R. C. Bragagnolo, *Secretary*
DIRECTORS	R. C. Bragagnolo
	A. T. Griffis
	G. J. Killeen
	R. D. Lawrence
	J. J. Parisi
	R. H. Pope
	D. H. Wigston
AUDITORS	Cossar, Hector, Payne & Co. 443 University Avenue, Toronto, Ontario
REGISTRAR AND TRANSFER AGENT	Guaranty Trust Company of Canada 366 Bay Street, Toronto 1, Ontario
CONSULTING ENGINEERS	Watts, Griffis and McOuat Limited 159 Bay Street, Toronto, Ontario
HEAD OFFICE	251 Third Avenue, Timmins, Ontario
EXECUTIVE OFFICE	Suite 911, 159 Bay Street, Toronto, Ontario

COVER PHOTO: *Canadian Jamieson Mines' concentrator and mining plant are shown in this combination photo and line drawing. The photograph was taken in late winter by mine geologist Edward Neczkar.*

Canadian Jamieson Mines Limited

PRESIDENT'S REPORT
To The Shareholders

I AM PLEASED to submit this annual report to you. Our third year as a company was our first as a producing operation.

The concentrator was essentially completed at the beginning of the fiscal year and the first ore was put through the mill on April 6th. We encountered the usual difficulties in treating a complex ore and in running in a new plant using second-hand equipment. Although a satisfactory grade of copper concentrate was made from the start, it was three months before a good grade and satisfactory recovery of zinc was accomplished.

As throughput was increased, it became apparent that the flotation capacity of our mill was insufficient and the circuit was then effectively doubled in size. This has resulted in greater flexibility in coping with grade variations, and improvement in recovery of both copper and zinc.

The mine has normally met the demands of the mill. There have been no serious problems in developing ore indicated from drilling and, in fact, although we found no new ore of major significance, about 20% of the ore mined during the year came from extensions not included in ore reserves. Mining operations were seriously curtailed on one occasion during the year due to abnormal flow of water. It is hoped that this problem will be solved when an additional pump (now on order) has been installed.

We have started a long-term program of underground exploration on the fifth level. At the date of this letter 1,587 feet of exploratory drive have been completed and the first three holes in a planned program of 30,000 feet of diamond drilling have been completed. One hole cut a narrow zone carrying low copper values, and the second cut 30 feet of massive sulphides with traces of zinc and copper. We will keep you informed promptly of any significant developments as this program is continued.

Ore treated in this first year of operations was, for the reasons given, slightly lower than our planned rate of 12,000 tons a month. The current year should show an improvement in tons treated and in the average recovery of both copper and zinc.

Revenue from sales of copper in concentrates accounts for 85% of our income. Copper concentrates are sold in Europe to Boliden Aktiebolag on the basis of L.M.E. prices for copper wirebar. The balance of our revenue comes from the sales of zinc concentrate, and from very minor income from silver and gold with the copper.

Copper is currently selling at 48¢ per pound, and zinc is steady at 13.5¢ per pound, both in U.S. currency. If the current strike of copper workers in the United States continues for any length of time, the price of copper may hold up well to the year end.

Our operating profit of $1,166,480, before mines profit tax, was used up in capital expense to increase mill efficiency and throughput and in ore development, to retire part of our outstanding debt together with interest charges, and to put the company in a more liquid position.

We expect that all debt will be covered or retired in the current year, and are anticipating dividends to the shareholders within the next twelve months.

I would like to acknowledge with thanks the part played by our manager Mr. H. R. Fowlie, who resigned in April. He has been replaced by Mr. Ross McPhail, who was formerly the mine superintendent.

On behalf of the Board,

A. T. Griffis
President

Toronto, Ontario,
August 24, 1967

Canadian Jamieson Mines Limited

BALANCE SHEET As at 31 March, 1967
(With comparative figures as at 31 March, 1966)

ASSETS

	1967	1966
CURRENT ASSETS		
Cash	$ —	$ 99,889.47
Bank term deposits – 4¾ % due May 6, 1966	—	200,000.00
Accrued interest receivable	125.00	624.66
Concentrate settlements receivable	35,993.96	—
Inventory of concentrates – valued at net realizable value – note 4	730,043.00	—
Inventory of supplies – at cost	67,758.80	23,607.94
Prepaid expenses	32,407.81	450.00
	866,328.57	324,572.07
Mining Properties – at cost	703,039.00	683,039.00
Mine buildings and equipment – at cost	1,577,560.00	1,133,798.12
Less: Accumulated depreciation	312,066.63	—
	1,265,493.37	1,133,798.12
Deferred expenditure	777,904.43	833,739.83
OTHER ASSETS		
Deposits	10,440.00	10,780.82
Discounts on loans and debentures – note 5	162,000.00	183,081.00
Organization expense	2,335.00	2,335.00
	174,775.00	196,196.82
	$3,787,540.37	$3,171,345.84

Approved on behalf of the Board:
A. T. Griffis, *Director*
R. H. Pope, *Director*

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Canadian Jamieson Mines Limited as at 31 March, 1967 and the statement of profit and loss for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of profit and loss present fairly the financial position of the company as at 31 March, 1967 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination also included the accompanying statement of source and application of funds which, in our opinion, presents fairly the sources and application of funds of the company for the year ended 31 March, 1967.

August 23, 1967.

COSSAR, HECTOR, PAYNE & CO.
Chartered Accountants.

LIABILITIES

	1967	1966
CURRENT LIABILITIES		
Bank overdraft – secured	$ 16,338.35	$ —
Bank loan – secured – note 3	300,000.00	—
Accounts payable and accrued	487,048.49	422,647.74
Employees payroll deductions payable	15,798.77	6,111.10
	819,185.61	428,758.84
MORTGAGES PAYABLE		
6¼ % – repayable in monthly instalments of $90.69 including principal and interest	13,630.15	—
Without interest – secured by 31 patented mining claims in Robb, Jamieson and Godfrey Townships	—	250,000.00
	13,630.15	250,000.00
DEBENTURES PAYABLE – Note 1		
Series A – 7% due 31 December, 1969 Authorized $750,000.00 – issued	640,000.00	533,500.00
Series B — 9% due 31 December, 1968 Authorized $600,000.00 (U.S. Funds) Issued (Canadian Funds)	377,903.68	526,000.00
	1,017,903.68	1,059,500.00

CAPITAL

SHARE CAPITAL – Note 2

Authorized:

5,000,000 shares of $1.00 par value each

Issued and fully paid

	Shares	*Par Value*	*Discount*	1967	1966
For properties	915,000	$ 915,000.00	$ 720,000.00	195,000.00	180,000.00
For cash	1,631,006	1,631,006.00	333,750.00	1,297,256.00	1,253,087.00
	2,546,006	$2,546,006.00	$1,053,750.00	1,492,256.00	1,433,087.00
Earned surplus				444,564.93	—
				1,936,820.93	1,433,087.00
				$3,787,540.37	$3,171,345.84

Canadian Jamieson Mines Limited

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH, 1967

Net smelter returns from sales of concentrates		$1,951,573.14
Less: marketing costs		283,367.48
		1,668,205.66
Cost of concentrates sold		
Surface work	$ 34,185.35	
Underground development	69,202.12	
General expenses	137,868.10	
Mining	420,738.72	
Milling	511,853.23	
Administration expenses	57,920.14	
	1,231,767.66	
Less: Inventory of concentrates at 31 March, 1967	730,043.00	
		501,724.66
Operating profit before the following expenses		1,166,481.00
Other expenses		
Provincial mining tax	46,500.00	
Amortization of loan and debenture discount	54,000.00	
Depreciation of mine buildings and equipment	312,066.63	
Amortization of deferred expenditure	208,434.96	
Interest on loans and debentures	101,978.88	
Directors fees	2,650.00	
		725,630.47
		440,850.53
Add: Interest income		3,714.40
Net profit for the year		$ 444,564.93

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 MARCH, 1967

Funds provided by			
Net profit for the year	$444,564.93		
Add: Expenses not requiring an outlay of funds			
Depreciation of mine buildings and equipment	312,066.63		
Amortization of loan and debenture discount	54,000.00		
Amortization of deferred expenditure	208,434.96		
		$1,019,066.52	
Mortgage on property		13,630.15	
Sale of Series A debentures		90,525.00	
Sale of Series B debentures		102,618.50	
Sale of common shares		59,169.00	
Refund of deposits		340.82	
			$1,285,349.99
Funds applied to			
Underground development deferred		152,599.56	
Purchase of one patented mining claim		20,000.00	
Purchase of mine buildings and equipment		443,761.88	
Repayment of mortgage on mining claims		250,000.00	
Repayment of Series B debentures		267,658.82	
			1,134,020.26
Increase in working capital			$ 151,329.73

STATEMENT OF CHANGES IN WORKING CAPITAL

	1967	1966
Current assets	$866,328.57	$ 324,572.07
Current liabilities	819,185.61	428,758.84
Working capital (deficit)	47,142.96	(104,186.77)
Increase in working capital		151,329.73
	$ 47,142.96	$ 47,142.96

Canadian Jamieson Mines Limited

NOTES TO FINANCIAL STATEMENT

31 MARCH, 1967

Note 1

The agreement under which Series B debentures were issued provides for the repayment of the debentures out of the proceeds of sale of copper concentrates at specified rates depending on the sales value of the concentrates. In addition, 80% of the annual net profits of the company are to be applied in repayment of Series B debentures after repayment of the Series A debentures.

Note 2

During the year, 62,919 shares of the company were issued for a total consideration of $59,169.00.

Note 3

The bank loan and overdraft are secured by a general assignment of book debts and an assignment of moneys receivable under contract.

Note 4

The inventory of concentrates is valued at net realizable value based on market prices prevailing in the period during which these concentrates were sold. Allowance for shipping and marketing expenses has been deducted.

Note 5

Discounts on loans and debentures are amortized over the life of the mine based on estimated ore reserves at 31 March, 1967.

Canadian Jamieson Mines Limited

MINE MANAGER'S REPORT
To The President and Directors

THIS REPORT for the fiscal year ending March 31, 1967, is submitted for your consideration.

Production

The beginning of this fiscal year was also the beginning of the production cycle of this copper-zinc mining operation that treated 125,345 tons of ore for the recovery of 5,799,569 pounds of copper and 8,752,864 pounds of zinc plus minor amounts of silver and gold. An average of 341 tons of ore per calendar day was fed through the primary grinding circuit which operated 85% of the available time. The initial daily rate of 200 tons per day was increased to a high of 507 tons. Milling rate is set for 420 tons per day but, due to a number of stoppages, has not yet been maintained. In addition to stoppages for normal repair and maintenance, production was interrupted on two occasions, firstly to complete changes in the flotation circuit and secondly when the main underground pump failed.

In addition to the enlarging of the flotation circuit and the necessary pumps, pipes and electric wiring, refinements such as an automatic Ph meter and automatic samplers were installed. A second disc filter was purchased and the copper dryer rebuilt with a stainless steel lining and new rollers and drive arrangement.

During the coldest part of the winter the copper concentrate had to be stored outside at the mine when difficulties developed in removing concentrate from the railroad gondolas at Three Rivers, Quebec. Car loading was improved after a truck scale was set up at the mine, and the drying of concentrate stockpiled at the mine yard was enhanced by the asphalt paved area that was laid in the early fall when a railway strike threatened.

Mining

Starting at the beginning of the year seven stopes were brought into production and the breaking cycle of two of these stopes brought to a conclusion. On the first level 32,860 tons of ore were broken and 24,411 tons drawn for mill feed.

On the second level two stopes were opened up and the breaking cycle completed in the 2-S-1 stope. A total of 46,366 tons of ore were broken and 29,842 tons of ore drawn out. The third level stoping is all classified as that portion which is flat lying and above and to the south of the haulage way. The total break was 29,937 tons, 27,260 tons of which was removed for mill feed. The fourth level stope is the longhole operation which produced 22,592 tons of ore for mill feed from the 24,092 tons broken.

Automatic millhead sampling of the ballmill discharge gave an average grade of 2.70% Cu and 5.23% Zn per ton. The underground operation produced 9 tons per man shift and the mine overall produced 3.73 tons per mainshift.

Development

Lateral development in the mine was increased, during the year, by 1,490 feet of drifting and crosscutting and 733 feet of raising. Stope development required 1,132 feet of subdrifting and 1,064 feet of boxholing. Diamond drilling underground amounted to 5,155 feet from the 54 holes drilled. Total drifting and crosscutting was 5,118 feet; raising 1,617 feet and diamond drilling 11,155 feet at the year end. Development on the fifth level was for 430 feet of drifting and 140 feet of raising for the ore pass.

Underground Equipment

To carry out the mining of the ore, three used 1½ ton battery trammers; six 30 cubic feet rocker-type mine cars; three rectifier battery chargers; five hammer drills; two jackleg drills; two longhole drills; three 12B Eimco loaders; two 21 Eimco loaders; a 30 HP three drum electric slusher hoist; a 15 HP two drum electric slusher hoist; a 20 HP drum air slusher hoist; a 10 HP two drum air slusher hoist; three 42 inch muck hoes; three 36 inch muck hoes; two 28 inch muck hoes; and miscellaneous smaller tools had to be purchased.

To handle the drain water automatically, a 150 HP three stage centrifugal pump was put into operation on the fifth level and a duplicate pump and controls were ordered.

Surface

Water supply for the milling operation required the purchase of a 60 HP two stage centrifugal pump and 3,700 feet of 6 inch wood stave pipe which was laid from a point on Godfrey Creek near the main highway on grade to the north end of the mill and extended by steel pipe to the gravity water tank. It is planned to move the 60 HP pump from the beaver

dam to Godfrey Creek when the necessary power line is completed. The beaver dam will provide water for emergencies by means of a 40 HP. MRV pump and the auxilliary internal combustion fire pump, both of which will be connected to the 3 inch line now feeding the gravity tank.

The main office building was moved from its position near the highway to a more accessible location, adjacent to the north corner of the mill. An extension to this building provided room for washroom facilities and storage space.

By raising an earthen wall, a tailings disposal area large enough for the present ore reserve capacity was made, complete with a temporary overflow weir. Ditching to divert this overflow around the beaver pond was necessary to maintain proper water for the mill. The trestleway to support the six inch plastic tailing pipe was extended along two sides of the disposal area. Raising a weak section of the tailings wall requires a road surface of waste rock along the north side of the enclosure. To improve the services for the underground operation the supply of compressed air was increased by installing a third compressor of about 1,000 cfm capacity and the hoisting motor was changed for a 250 HP motor increasing the power here by 100 HP. Skip dump plates in the headframe were raised to improve the R.O.M. storage ahead of the jaw crusher.

The mine dry building was enlarged by adding 20 feet to the length of the prefab building which also made office space for the mine superintendent. Clean clothes lockers were installed and the entire dry area painted. For services around the plant a used ½ ton truck was purchased, but its value is about expended.

In conclusion I wish to thank the officers and directors for their support and the staff and all the other employees for their co-operation.

Respectfully submitted,

Ross MacPhail

Ross MacPhail,
Manager.

Timmins, Ontario,
April 1, 1967

PRODUCTION AND RESERVES

(As at 31, March, 1967)

	Short Tons	Grade Copper %	Zinc %
Ore Milled	125,345	2.70	5.23
Concentrate Produced			
Copper Concentrate (dry)	15,415	18.8	–
Zinc Concentrate (dry)	8,480	–	51.6
Ore Reserve (after 15% dilution)			
Surface Stockpile	1,000	2.50	4.50
Broken Ore Underground	29,100	2.70	4.50
South Zone (upper)	23,000	2.23	3.40
South Zone (lower)	17,000	3.16	3.58
Upper Centre Zone (west)	50,100	3.90	4.39
Upper Centre Zone (east)	12,600	2.13	3.93
Lower Centre Zone	197,800	3.00	4.12
North Zone (drill-indicated)	78,400	2.41	4.38
Total Reserve	**409,000**	**2.91**	**4.16**
Total – Ore Milled and in Reserve	**534,345**	**2.86**	**4.41**

Copper concentrates produced at Canadian Jamieson Mines are shown in the final flotation stage.

ANNUAL MEETING

Annual and general meeting of shareholders of Canadian Jamieson Mines Limited will be held in the Empire Hotel, Timmins, Ontario, on September 23, 1967, at 1 p.m.

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